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July 1, 1993

VIA TELECOPIER AND REGULAR MAIL

James Charles, Esq.
Senior Attorney
New York State Department
of Environmental Conservation
Division of Environmental
Enforcement
270 Michigan Avenue
Buffalo, New York 14203-2999

Re: HBSA Industries: New York Sites

Dear Mr. Charles:

We write on behalf of National Westminster Bank and Fleet Bank (formerly Norstar Bank) [collectively the "Banks"] to advise you on the status of the above referenced sites. As you will note, we have also forwarded a copy of this letter to Mr. Magriples at the United States Environmental Protection Agency ("USEPA").

1. Seneca Craftsman, Salamanca, New York

In regard to the Salamanca facility, a purchaser has been identified and the details of the transaction are currently under negotiation. The proposal now under consideration provides that the purchaser will undertake disposal of the drums located on site according to proper state and federal regulations in exchange for an offset in the purchase price. If the purchaser does not agree to removal of the remaining wastes, we will, through the Trustee in this matter retain a waste disposal firm for this purpose.

2. Visu-Wall, Ellicott, New York

A proposal for the sale of the Visu-Wall facility is currently being reviewed by the County of Chautauqua Department of Public Works. The County of Chautauqua is expected to reach its decision on whether to purchase this property by mid-July. Depending upon the County's decision, we will arrange through the Trustee for the proper disposal of wastes remaining on this property.

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3. Visu-Craft, Jamestown, New York

A plating equipment supplier, Mr. Dominic Runco has agreed to purchase the Visu-Craft building and its contents "as is." We understand that he intends to sell or use the virgin chemicals as his inventory. The Trustee in Bankruptcy for HBSA Industries, has signed a sales contract with this purchaser.

4. Poland Facility, Levant, New York

A verbal sales price for the Poland facility has been reached with a buyer. The purchaser will accept the facility "as is" in its present condition. Accordingly, the purchaser will be assuming responsibility for any necessary waste disposal under appropriate state and federal regulations. We note that wastes remaining at this facility were not hazardous.

5. Chase Interiors, Falconer, New York

The Banks hold a second mortgage on this property and have elected to release this security interest. Copies of the appropriate notices to that effect are enclosed. Steps are being taken to file a mortgage release for the Chase Interiors facility in the county clerk's office and the Trustee in Bankruptcy has been advised.

As the foregoing provides, the only facility in which the Banks have determined to release their security interest is the Chase Interiors facility. This site is currently part of the bankruptcy estate of HBSA Industries and further inquiries relative to this site should be directed to Harold Bulan, Esq., the Trustee in this matter.

We note that in February 1993, the New York State Department of Environmental Conservation ("NYSDEC") acknowledged that the stabilization activities conducted at these sites were properly completed in accordance with the NYSDEC approved work plan. In light of these successfully completed efforts, it would appear that at this time none of the sites present an emergency condition warranting immediate emergency response action by the NYSDEC or USEPA.

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If you have any questions in regard to any of these sites, please feel free to contact me or Debra L. Rothberg, Esq.

Sincerely,

Andrew M. Klein

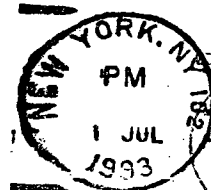
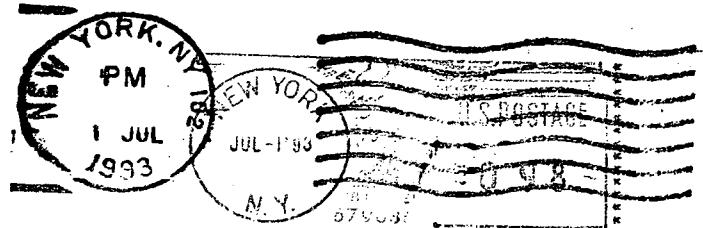
Andrew M. Klein

cc: Harold Bulan, Esq.
Andrea Schillaci, Esq.
Mr. Nicholas Magriples, USEPA ✓
Mr. Patrick Hanley
Ms. Lisa Enslin
Debra Rothberg, Esq.
Heidi Sorvino, Esq.

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